

Assessment of Mandatory Open Space Contributions



City of Stonnington
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Independent insight.



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EXECUTIVE SUMMARY

Purpose

This report assesses whether there is strategic justification to amend Stonnington's Schedule to Clause 52.01 of the Planning Scheme and if so in what way.

The assessment focuses on:

- The level and type of development that is expected to occur in the Chapel reVision planning area and in other parts of the municipality
- The nature of open space need and works required to support the development, as shown in policies and strategies and in the Chapel reVision plan
- The adequacy of Council's existing open space contribution model to deliver the 'open space task'
- Assessment of alternative models if the existing model is deemed inadequate

Conclusions

It is concluded that the City of Stonnington is justified in updating Schedule to Clause 52.01 of the Stonnington Planning Scheme on the grounds that:

- The sliding scale approach that is currently used is not equitable in that need and demand should be the basis for the levy as opposed to size of development operation that is delivering the need and demand.
- Council has identified a significant 20 year open space delivery and improvement program based on adopted policies and strategies for which the existing levy schedule will deliver an insufficient sum of open space income.
- A significant part of the works program is based on acquiring new sites for open space focusing on the western portion of the municipality, where needs are growing strongly as a result of urban intensification.
- Council has sufficient policy and works information to justify lifting the rate under Clause 52.01.
- On favourable assumptions, a flat rate of 8% in the Chapel reVision area could generate close to full cost recovery for acquisitions and works in this part of the municipality. For the balance of Stonnington, even a rate of 8% would deliver less than half of projected costs.
- Based on established municipality benchmarks, 8% is probably at the upper end of what is achievable in terms of amending Clause 52.01.

Recommendations

It is recommended that Council develop a planning scheme amendment based on the analysis in this report and Council's open space projects program seeking a flat 8% levy rate applicable to all non-exempt subdivisions across the whole City.

1 INTRODUCTION

1.1 Background

The Chapel reVision project is anticipating a significant level of new development and related investment in infrastructure to support intensification of residential, employment and visitor activity in the planning area. This includes expansion and embellishment of public open space resources in and around the Chapel Street corridor. Other parts of Stonnington are also expected to experience development and re-development activity over time.

The importance and value of open spaces is likely to increase over time as a result of emerging pressures of population growth, urbanisation, climate change and natural resource depletion. Urban densification in places like Stonnington means that access to private open space is likely to diminish over time and as a result access to appropriately located, designed and maintained open space will become increasingly more important for future communities. Furthermore, community profiles and standards are ever changing. This necessitates frequent reviews of open space demand, needs and standards to ensure open space meets the needs of the community it is intended to serve.

This requires open space planning to be undertaken to meet community needs with respect to:

- Land allocated for open space, in terms of area, location and distribution
- Design of open space, in terms of purpose and standard of provision

In this context the City of Stonnington wishes to investigate whether there is strategic justification for varying the Planning Scheme's provisions with respect to mandatory open space contributions that is enabled by Clause 52.01 of the Planning Scheme. That clause provides Council with the ability to obtain an open space contribution from subdivision proponents. At this time, Stonnington's Planning Scheme includes a standard mandatory contributions schedule under a so-called 'sliding-scale' model which requires subdivision proponents to contribute a certain percent of land or cash value of land (or a combination of the two) for open space provision or improvement in the municipality.

Stonnington wishes to explore whether there is a case to modify the schedule to reflect the level of development that is expected to occur and the open space investment that is planned in the municipality, with a focus on the Chapel reVision project. This report addresses this topic.

1.2 Purpose

This report assesses whether there is strategic justification to amend Stonnington's Schedule to Clause 52.01 of the Planning Scheme and if so in what way.

The assessment focuses on:

- The level and type of development that is expected to occur in the Chapel reVision planning area and in other parts of the municipality
- The nature of open space need and works required to support the development, as shown in policies and strategies and in the Chapel reVision plan
- The adequacy of Council's existing open space contribution model to deliver the 'open space task'
- Assessment of alternative models if the existing model is deemed inadequate

This report provides a conclusion and recommendation as to whether Council should retain its existing open space contributions model or adopt an alternative one, and if so the structure of an alternative.

1.3 Report Structure

The next section of this report (section 2) provides an overview of the **open space contributions system** and identifies the options available to Council to help deliver open space. Council's current approach is also introduced.

Section 3 of the report provides a review of the **open space task** in the municipality, as expressed in the policy and strategy base. This includes an overview of the Public Realm Strategy, the Chapel reVision project and other relevant strategic frameworks.

Section 4 looks more closely at the anticipated **development** in the municipality, by location and by type of development. This sets the context for better understanding demand for open space and likely number of contributors towards open space provision.

Section 5 makes an **assessment** of the current open space contributions model adopted by the municipality in relation to the cost to deliver the open space task. Alternatives approaches are explored as required.

Section 6 provides the **conclusions and recommendations** of the report.

2 OPEN SPACE CONTRIBUTIONS SYSTEM

2.1 Open Space Delivery

Local government has primary responsibility for providing and maintaining municipal open space for communities. Local government obtains or provides open space by a number of means such as via:

- Development contributions – by obtaining funding and / or land and / or works from developers during the land development process
- Other levels of government – by obtaining funding and / or land from state and federal government
- Other funding options – such as using local rates and consolidated revenue to pay for open space delivery and maintenance

Open space contribution tools are funding tools, designed to give effect (in full or in part) to a vision for open space in an area. Funding tools form part of an implementation package, along with tools such as land use zoning and other infrastructure delivery tools, that work together to give effect to a vision for an area.

The appropriate starting point with open space contributions is therefore preparation of a sound plan or strategy for open space. This would respond to issues like population size and composition, expected changes in population and urban development, the community's vision for the area and any other matter that influences the location, standard and type of open space in a municipality.

Open space plans or strategies identify open space 'projects' to be delivered over time to realise the open space vision. This often includes purchase or acquisition of land and the development of land for various public open space purposes, such as for parklands, plazas and playing fields. The cost of delivery is then assessed and related to the various funding sources including open space contributions that are required from the development process.

In Victoria, local government has a number of legal mechanisms (or tools) available to it to obtain open space contributions from developers, with the main options being the Subdivision Act s18-20, Schedule to Clause 52.01 of the Victorian Planning Provisions and a Development Contributions Plan Overlay. In this context, the City of Stonnington has elected to explore the adequacy of its exiting Schedule to Clause 52.01 to meet the open space task and expressed in its policy and strategy base. That tool, and the contextual Subdivision Act provisions, is introduced below.

2.2 Subdivision Act s18-20

The Subdivision Act is the default mechanism that enables open space contributions to be sought from subdivision proponents. This is specific for open space contributions and the subdivision stage of development.

The Subdivision Act enables councils to seek a contribution for open space from subdivision proponents. The contribution amount is up to 5% of land area or cash value of the site value or a combination of both if it can be justified, based on an assessment of need. Some subdivisions are exempt from this requirement, including two lot subdivisions that are unlikely to be further subdivided and land and buildings that have made the contribution (or deemed to have made the contribution) previously.

On this basis councils can impose a condition of between 0% to 5% open space contribution on subdivisions that are assessed as not exempt from the contribution. This can be applied to residential, commercial and industrial subdivisions and seek a particular method of contribution, such as land or cash or a combination of the two.

2.3 Schedule to Clause 52.01 of the VPPs

Overview

Schedule to Clause 52.01 of the Victorian Planning Provisions is enabled via the Planning and Environment Act 1987 and the Victorian Planning Provisions. This is an enhanced Planning Scheme mechanism that tailors a municipal-wide or precinct specific approach and requirement for open space contributions beyond the default Subdivision Act mechanism. This is specific for open space contributions and the subdivision stage of development. Appendix 1 shows the standard VPP Clause to which a Schedule can be added.

Clause 52.01 of the VPPs expressly recognises the power of councils to obtain open space contributions under the Subdivision Act, and provides a mechanism for councils to amend the provisions to suit local circumstances.

The Schedule enables a council to set its own contribution rate(s) subject to strategic justification. This can exceed the 5% limit of the Subdivision Act. The percent contribution can be tailored to meet the specific needs of areas and sub-areas, subdivision types (i.e. residential, commercial and industrial) and method of contribution (i.e. cash, land or both). Details of liability can be more clearly defined to suit local conditions. Councils are effectively immune from challenge to the contribution if a Schedule to Clause 52.01 is incorporated into the Planning Scheme and it is unambiguous and applied appropriately¹. Implementation of a Schedule to Clause 52.01 requires a Planning Scheme amendment.

Application

The Schedule to Clause 52.01 enables councils to obtain a contribution for open space during the development process. A contribution is enabled at two stages in the development process:

- First, the subdivision of land (unless already levied)
- Second, the subdivision of a building (unless exempt)

The provisions are designed to enable contributions only once in each of the two stages of the development process (i.e. to avoid 'double dipping').

Under this tool, the key definitions are:

- Land, which refers to the site, building space and air space
- Lot, which is a separately disposable unit of land

Exemptions

The general exemptions from the tool are:

- Excision of land to be transferred to a public agency
- Subdivision of land (whether residential, industrial or commercial) into two lots and the council considers it unlikely that each lot will be further subdivided

Certain classes of building are also exempt from the provisions. This generally refers to subdivision of existing commercial or industrial buildings and residential buildings that were constructed or approved before 30 October 1989. The exemptions are noted as Class 1 and Class 2 buildings in Clause 52.01 of the VPPs.

Subdivision of new or proposed commercial, industrial or residential buildings is subject to open space contributions. The contribution can also be obtained from subdivision of existing residential buildings provided the building was established after 30 October 1989.

¹ A Supreme Court decision (Fletcher v Maroondah CC) has cast doubt on the way the Schedule to Clause 52.01 should be used in the subdivision process, with the Court ruling that the provisions of the Subdivision Act, and its tests, remain valid for each subdivision application even if a Schedule to Clause 52.01 is incorporated into a Planning Scheme. A Bill to amend the Act has been drafted in 2012 to resolve this ambiguity with the purpose being that the tests of the Subdivision Act would become unnecessary if a Schedule to Clause 52.01 is incorporated into a Planning Scheme.

Method of Payment

Council will assess whether land and / or cash or a combination of the two is to be provided and place this as a condition on subdivision approval. This can be specified in the Schedule.

Cash in lieu of land provision can be useful where the council seeks to pool contributions to provide a consolidated open space network – or improve an existing network - as opposed to obtaining a disjointed series of pocket parks. This is particularly important in established and densifying areas where strategic investments are required as opposed to sporadic land contributions.

Collection

Collection of contributions is made at subdivision application stage (unless otherwise agreed). A condition will usually say that a statement of approvals compliance will not be issued until the contribution is made.

If a cash payment is required, the contribution will be based on site value. The valuation will need to be current (in accordance with the provisions of the Subdivision Act).

Contestability

Councils are effectively immune from challenge to the contribution if a Schedule to Clause 52.01 is incorporated into the Planning Scheme and it is unambiguous and applied appropriately. Nevertheless, subdivision proponents can appeal if aspects of the Schedule are ambiguous or if the Schedule is not applied appropriately for some reason. This could include:

- Application of the requirement
- The method of payment
- The rate applied, if this is open to interpretation
- Valuation of the site if cash is sought

On that basis, it is important to clearly construct a Schedule and eliminate ambiguities so as to minimise the prospect for VCAT review.

Use of Contributions

When contributions are made in the form of land, Council must set aside the land for open space. If the contribution is cash, the council must use the funds collected on public open space in the municipality, for the purchase or improvement of open space or a combination of the two. The open space funds must be set aside in a separate bank account for auditing purposes.

However, the Subdivision Act does not mandate use of the funds for the purpose they were collected (i.e. for open space projects that would benefit the subdivision that paid the contribution) nor does it impose a timeline for expenditure of the funds. The only requirement is that the money be used for open space. An important case that examined this point is *R.J.R. Paul and Anor. v. City of Melbourne*². In this case the nature of the open space contribution provisions were examined. The provisions were, at the time of the case, within the Local Government Act (being almost identical to those carried over into the Subdivision Act). The case concerned the power of a council to require payment of 5% of site value from a subdivision for the purpose of open space. Within the case, the nature of the open space contribution provision was examined.

*“One such matter is whether the Council intends to use money obtained from the subdivider to purchase nearby land (or improve it) for the purpose of public resort or recreation. This is not the purpose of paragraph (b) of Section 569B(8A). Rather the legislative purpose is to provide a general fund for the acquisition of land for public resort and recreation or the improvement of such places. It is not obligatory for a Council to implement this purpose by using monies received; moreover the monies can be spent, at the discretion of Council, in any part of the municipality on places of public resort and recreation which may or may not have a proximate relationship with the subdivided land. In making this observation the Board notes that it is applying legal principles *Municipal Council v. Allis Spares and Equipment Pty Ltd* and *Warringah Shire Council v. Armour*.”*

² R.J.R Paul and Anor. v. City of Melbourne, 1984, Appeal No. L82/1849. Board of Appeal (Mr. S.R. Morris (Senior Member)).

Funds collected by the tool are able to be used for “public recreation or public resort, as parklands or for similar purposes”. Individual council policies and strategies can be used to further define public open space in a local context. Common definitions include:

- Parks and plazas, which can be used for a variety of purposes including passive and active pursuits and environmental purposes
- Public facilities on public open space land, which can include amenities, equipment and sports and recreation facilities

An important feature of the tool is that a new asset is created for the community, either by way of land acquisition or capital improvements to land or facilities.

A council acquires land for public open space when:

- Land is set aside for public open space via the subdivision process
- Council purchases land for public open space and then sets it aside for that purpose

Improvements are capital works to land. This includes creation of a new asset or replacement or renovation of an existing asset (which may have, for example, reached the end of its useful life).

Improvements include:

- Basic improvements to public open space such as earthworks, landscaping, fencing and seating
- Construction, extension or renovation of public open space facilities such as playgrounds, sporting courts, sporting pavilions, and recreation and leisure facilities

The tool is not meant to be used for recurrent cost purposes including administration or maintenance of land or an asset. Maintenance is designed to preserve value and maintain safe operation of an asset during its useful life. Maintenance is not designed to add capital value to an asset.

2.4 Experience in Inner and Middle Melbourne

The following Figure 1 provides an overview of Schedules that apply to municipalities in inner and middle Melbourne. Of the 17 municipalities in this region, 10 have a Schedule to Clause 52.01 and 7 do not.

Of those that do:

- The typical levy range is between 3.25% to 5.0%
- The highest fixed rate is 6.8% within the Moreland Schedule
- Some rates have a minimum with capacity to determine a higher rate based on some criteria which would be assessed a case by case basis
- Eight of the ten schedules apply the levy to all land use types; that is, residential, commercial and industrial
- Nine of the ten schedules have municipal wide coverage
- About five different methods are used to derive the levy rate, despite all of them being similar in number

The 6.8% fixed rate in Moreland relates to the Coburg suburb in that municipality. The rate is based on a high level of anticipated future development necessitating a high level of open space need and project list.

FIGURE 1. CLAUSE 52.01 SCHEDULES IN INNER AND MIDDLE MELBOURNE

	Schedule to Clause 52.01	Minimum Contribution from Applicable Subdivisions	Maximum Contribution from Applicable Subdivisions	Applicability to Residential Subdivision	Applicability to Commercial Subdivision	Applicability to Industrial Subdivision	Geographic Coverage	Method
Melbourne City Council	No							
Port Phillip City Council	Yes	5.00%	5.00%	Yes	Yes	Yes	Municipal Wide	Flat Rate
Yarra City Council	Yes	4.50%	4.50%	Yes	No	No	Municipal Wide	Flat Rate
Banyule City Council	No							
Bayside City Council	No							
Boroondara City Council	No							
Darebin City Council	Yes	2.00%	5.00%	Yes	Yes	Yes	Municipal Wide	Sliding Scale
Glen Eira City Council	Yes	2.25%	5.00%	Yes	No	No	Municipal Wide	Criteria Based
Hobsons Bay City Council	No							
Kingston City Council	No							
Manningham City Council	Yes	5.00%	5.00%	Yes	Yes	Yes	Precinct Specific	Precinct Based Fixed Rate
Maribyrnong City Council	No							
Monash City Council	Yes	2.00%	5.00%	Yes	Yes	Yes	Municipal Wide	Sliding Scale
Moonee Valley City Council	Yes	5.00%	5.00% or higher	Yes	Yes	Yes	Municipal Wide	Flat Rate Plus
Moreland City Council	Yes	2.50%	6.80%	Yes	Yes	Yes	Municipal Wide	Precinct Based Fixed Rate
Stonnington City Council	Yes	2.00%	5.00%	Yes	Yes	Yes	Municipal Wide	Sliding Scale
Whitehorse City Council	Yes	4.00%	4.00% or higher	Yes	Yes	Yes	Municipal Wide	Flat Rate Plus
		3.43%	5.03%					
		3.25%	5.00%					

Source: SGS

2.5 Levy Model Options

A range of models have been used to define open space contributions under a Schedule to Clause 52.01. This is a product of there being no guidance provided by State Government on this matter for this tool.

The main models that have been applied are (in no particular order):

- Flat Rate
- Flat Rate Plus
- Sliding Scale
- Criteria Based
- Precinct Based Fixed Rate

A brief description of each approach is provided below.

Flat Rate

The flat rate can be interpreted as a Subdivision Act benchmark based philosophy. This generally takes the following approach:

- The Subdivision Act’s ‘up to 5%’ contribution rate is used as a benchmark and considered to be a valid contribution sum, subject to location specific or project specific adjustment
- This approach is often related to an open space strategy and costs of an open space strategy in a general way, with common arguments being that Council will part fund the open space strategy from consolidated revenue with the levy funding the rest

The main advantage of this is its simplicity, clarity and certainty for subdivision proponents and council. A rate around 5% can deliver a significant income stream to council for open space.

The main weakness or disadvantage of this approach is that the nexus between who pays and who receives open space investment benefit – by area – can be weak. As such, it may be difficult to justify a rate higher than the Subdivision Act benchmark of 5% in using a flat rate even if some parts of a municipality would justify this due to high development pressure and open space need.

Flat Rate Plus

This approach is similar to the flat rate model but can identify an area and / or development type under which a higher rate could be considered, on a case by case basis, without specifying what the rate would be. This essentially leaves the door open for an assessment of a higher rate but does not guarantee it.

The strength of this approach over the flat rate model is that it provides some potential to explore a higher rate for some areas under certain circumstances.

The main downside to the approach is that the higher rate assessment would need to be assessed from first principles and justified and potentially defended through an appeals process, similar to the existing Subdivision Act process but with the benefit of the base rate being already set in the Schedule. The process could potentially highlight that a lower rate than the Schedule rate may be justified although the council would have the protection of the Schedule in that event.

Sliding Scale

The sliding scale is essentially the same in philosophy as the flat rate approach in that it can be interpreted as a Subdivision Act benchmark based philosophy. This approach uses the Subdivision Act's 'up to 5%' contribution rate as a benchmark for a valid contribution sum. Again, this can be related to an open space strategy.

The main difference in this approach is that it seeks the maximum contribution from bigger developments, with the assumption being that bigger developments have a greater capacity to pay contributions compared to smaller developments. Smaller developments have a lower capacity to pay, it is assumed, and pay a lower rate.

There may be no direct relationship between the demand or need for open space and the differing rate used in the sliding scale. For example, a developer that undertakes a number of small subdivisions will pay a lower contribution than a developer that undertakes fewer bigger developments even if they generate the same number of dwellings and thus the same demand for open space.

Criteria Based

The criteria based approach does not specify a rate up-front but rather specifies a set of criteria under which rates would be derived for a subdivision, on a case by case basis. This approach may set criteria and conditions for areas, development types and other variables.

The main downside of such an approach is that each case requires an individual assessment, and each decision by the council would be open to objection and appeal.

Precinct Based Fixed Rate

The precinct based levy approach differs from the flat rate in that it seeks to provide a stronger nexus between developments that pay open space contributions and areas that receive benefit from planned open space investment. The upshot is that areas with more open space investment will pay a higher contribution, all other things being equal.

The approach links planned investments in an area to the contribution requirement. If an area is to receive no open space investment, the contribution in the area will be zero. The basis for the levy is therefore the planned investment as follows:

- Strategic planning work is undertaken and this identifies infrastructure and open space projects that are required or desired for the planning area. This can be documented in a specific open space strategy or plan or a structure plan
- The open space projects are identified and costed from this strategic base. The cost of each project is apportioned to subdivision over the life of the funding plan
- A levy in Schedule to Clause 52.01 will express the required contribution as a percent of site value

The strength of the precinct based approach is that it provides a stronger nexus between developments that pay open space contributions and areas that receive benefit from planned open space investment

The main weakness of the approach is that more justification may be required to support the Planning Scheme amendment process compared to a simple model. The validity of the approach may be based on the rigour of the supporting strategy and information inputs.

2.6 Stonnington's Sliding Scale

Stonnington's existing Schedule to Clause 52.01 is shown below. This adopts a sliding scale model and is similar to other sliding scale schedules in other Planning Schemes.

The schedule enables Council to apply the contribution in all parts of the municipality and for all land use types (subject to the standard State-wide exemptions provided by Clause 52.01).

FIGURE 2. STONNINGTON'S SCHEDULE TO CLAUSE 52.01

STONNINGTON PLANNING SCHEME

19/01/2006
VC37

SCHEDULE TO CLAUSE 52.01

Type or location of subdivision	Amount of contribution for public open space
Any subdivision	2 lots – none specified
	3 lots – 2%
	4 lots – 3%
	5 lots – 4%
	6 or more lots – 5%

2.7 Summary

Councils in Victoria are able to obtain open space contributions from subdivision proponents (unless exempt by State-wide provisions) for delivery and / or improvement of open space in the municipality. Stonnington has included a provision in its Planning Scheme to this end (via a Schedule to Clause 52.01).

The issue here is whether the existing Schedule is sufficient to meet the open space delivery challenge in the municipality, having regard to the Chapel reVision project and other recent policy and strategy frameworks that respond to ongoing development changes and pressures.

The remainder of this report explores the open space task in this context and assesses whether the existing Schedule is suited to the task or whether an alternative model is justified.

The main options are:

1. Retaining the existing schedule
2. Modifying the existing schedule to excise the Chapel reVision area for a separate rate or method whilst retaining the existing sliding scale in the remainder of the municipality
3. Replacing the existing schedule with a completely revamped version that takes either a flat rate, flat rate plus or precinct based fixed rate approach

3 OPEN SPACE POLICY

3.1 Overview of Policy Base

The open space policy base is captured in the following documents:

- Stonnington Public Realm Strategy
- Creating Open Spaces Strategy
- Pavilion Redevelopment Strategy
- Chapel reVision Project

These documents capture the open space delivery challenge and provide the project list. The projects that fall out of this policy base are described generally in this section of the report.

Council's policy base is used to define public open space in the Stonnington context. The list has been selectively chosen to focus on open space capital improvements. Items excluded from the list are recurrent costs items, streetscape works and any other item deemed to fall outside of the definition of capital works and open space.

3.2 Stonnington Public Realm Strategy

The Public Realm Strategy (2010) provides a strategic basis for the planning of and decision making for the design and management of public spaces. The Strategy takes a broader view of open space to include the public realm, where 'green spaces' include not just parks and gardens but all external spaces available for public use including streets, forecourts, waterways, bicycle and pedestrian links.

Given the broad scope of the document, this section reviews aspects of the Public Realm Strategy that are site-specific and address capital expenditure related to public open space (including infrastructure upgrades and land acquisition).

Existing Conditions

The Strategy compares the current provision of open space in the City against benchmarks for performance, type, quantity, catchments, distribution and accessibility, and maintenance (not discussed here as it is outside the scope of this project). The Strategy does note that the use of benchmarks is not effective when measuring design, maintenance and planning standards. They also do not take in to account the characteristics and constraints specific to the municipality. Rather, it is suggested that benchmarks can be used to provide direction for public space provision.

Performance

Stonnington has been participating in community satisfaction surveys regarding its public spaces since 2001. The surveys provide insight into the general level of community satisfaction for the main public spaces across the municipality. Stonnington has retained a rating of 7.5 out of a possible 10 over the last six years. Figure 3 shows Stonnington's rating against other surveyed councils.

FIGURE 3. PUBLIC SPACE PERFORMNCE, COMPARISON WITH OTHER SURVEYED COUNCILS

Year	Ranking
2001	No rankings undertaken
2002	No rankings undertaken
2003	6 th out of 10 surveyed
2004	4 th out of 21
2005	13 th out of 21
2006	6 th out of 18
2007	4 th out of 17
2008	4 th out of 21
2009/10	7 th out of 17

Source: City of Stonnington Public Realm Strategy, 2010

Type

Type of space refers to the dominant character of, and activities offered by, the space. A review of the types of open spaces in Stonnington by suburb is presented in Figure 4. This is a review of the 60 main green spaces in the municipality.

FIGURE 4. PUBLIC OPEN SPACE TYPE, BY SUBURB

Type	Prahran	Windsor	South Yarra	Armadale	Toorak / Kooyong	Glen Iris	Malvern	Malvern East
Parks and reserves	4	5	6	4	2	2	4	10
Historical parks	2	0	2	0	1	1	2	4
Sport	0	0	1	2	1	1	2	3
Environmental	0	0	0	0	0	3	0	1
Urban squares	0	0	1	0	0	0	1	0

Source: City of Stonnington Public Realm Strategy, 2010

The following observations were made based on the review:

- There is a fairly equal spread of the different types of spaces across the municipality
- Most of the environmental spaces are located in the east, aligning with the main waterways
- Sporting reserves or parks are more abundant in the middle and eastern suburbs
- Inner urban suburbs of the west have less diverse spaces

Quantity

Figure 5 shows how Stonnington compares to adjacent councils in regards to the provision of open space.

FIGURE 5. COMPARISON OF OPEN SPACE, PER POPULATION, PER MUNICIPALITY

Council	Hectares	Percentage of area	Population	Hectares per 1000 people	Square metres per person
Stonnington	182.0	7.0	90,600	2.0	20
Boroondara	665.0	11.0	158,701	4.1	41
Port Phillip	435.0	21.0	78,227	5.5	55
Glen Eira	163.0	4.2	117,199	1.3	13
City of Yarra	235.0	12.2	68,800	3.4	34
Moreland	576.14	-	135,461	4.2	42
Melbourne	565.0	15.5	57,200	9.9	99

Source: City of Stonnington Public Realm Strategy, 2010

This shows that Stonnington has the second lowest level of open space provision compared with the other municipalities presented.

The quantity of open space provided per person and demand for that space will change as the population changes. Identification of areas of increased density within the suburb is a logical way to determine where additional public space might be required.

The Strategy identifies the following demographic trends:

- At the 2006 Census the population of Stonnington was 89,083. The 2009 projection estimates the population will be 109,705 in 2026³
- Much of the new population will be in the Forest Hill precinct and South Yarra area
- There will be strong growth in single person households and couples without dependants
- Group households, single parents and two members of family type households will increase modestly
- There will be housing density growth along main roads and on individual sites

Figure 6 shows that the biggest change in the amount of open space per person between 2006 and 2021 will be in South Yarra and Malvern East. However, the lowest provision of open space per person will continue to be in Windsor and Armadale.

FIGURE 6. POPULATION CHANGE AND IMPACT ON OPEN SPACE PROVISION

Suburb	% population increase (2006-2021)	% of total population 2021	Area of open space per person (m ²) 2006	Area of open space per person in 2021 (m ²)	Reduction in area of open space per person in 2021
South Yarra	49%	19%	12.80	8.57	4.23
Windsor	15%	6%	5.33	4.62	0.71
Prahran	31%	13%	8.63	6.59	2.04
Glen Iris	9%	8%	24.54	22.59	1.95
Malvern East	17%	21%	29.01	24.83	4.18
Armadale	16%	9%	5.80	4.98	0.82
Malvern	16%	10%	13.07	11.22	1.85
Toorak / Kooyong	21%	14%	12.89	10.67	2.22

Source: City of Stonnington Public Realm Strategy, 2010

Catchments

The following catchment hierarchy for green spaces in Stonnington is proposed:

- Regional – visited and utilised by people from all over Melbourne
- City-wide – used by residents from all over and outside the municipality
- Neighbourhood – used by people within the precinct
- Local – has a smaller catchment of the surrounding residential blocks

Based on this hierarchy the following was observed for Stonnington:

- There are no regional parks within the municipality, however, regional parks exist in adjacent areas to Stonnington such as Fawkner Park and the Royal Botanic Gardens.
- There are spaces in Stonnington that are smaller than regional parks but attract regional visitors (e.g. Como Park and Central Park).
- The other three categories of green space are generally well balanced and evenly distributed across the municipality.
- It is not imperative for Council to pursue a regional size park in Stonnington considering there are many regional parks in close proximity to Stonnington and limited land in the municipality that could be designated for a regional park.

³ The population projections used in the Public Realm Strategy have since been updated. See Figure 13 and Figure 14 in Chapter 4 of this report for current population projections for Stonnington.

Distribution and Accessibility

Based on the Guide for Urban Open Space, the Victorian Planning Provisions and the Stonnington Open Space Strategy, the following benchmarks for access or accessibility to public green spaces to residents were developed.

FIGURE 7. BENCHMARKS OF ACCESSIBILITY TO PUBLIC GREEN SPACE TO RESIDENTS

Type	Accessible to residents
Regional	Within a 2 kilometre range; visited by people from all over Melbourne
City-wide	Visited by people from the whole municipality
Neighbourhood	Within 500 metres safe walking distance; used by people within the precinct or suburb
Local	Within 150-300 metres safe walking distance; generally a small space with a smaller catchment of the immediate surrounding community
Pedestrian and Bike Train (off road)	Within an approximate 3 minute walk of all residences

Source: City of Stonnington Public Realm Strategy, 2010

Based on these benchmarks, the following areas were identified as being underserved by green space:

- Toorak (the south and south-east areas)
- Malvern (the north-east areas and between Central Park Road and Dandenong Road)
- Prahran (just north of Dandenong Road)
- Armadale (just north of Dandenong Road and south of the railway line)
- Glen Iris (between High Street and Wattletree Road)

There is also a lack of green space in some 'Stonnington blocks'. The large number of main roads, arterials, thoroughfares and railway lines that characterise Stonnington represent significant physical and psychological barriers to pedestrians' access to public space. Currently there are a number of Stonnington blocks which lack a central local public green space including five in Toorak/Kooyong, two in Armadale, one in Malvern, one in Glen Iris and three in Malvern East.

Strategy

The Public Realm Strategy identifies key areas of population and housing density increases and subsequently provides key recommendations for each suburb and recommendations for land acquisitions. These recommendations are summarised in Figure 8.

FIGURE 8. PUBLIC REALM ANALYSIS

	South Yarra	Prahran	Windsor	Toorak/Kooyong
Identified key areas of population and housing density increase	✓	✓	✓	x
Key recommendations (those relevant to this project are highlighted)	<p>Increase quantity of urban public space where possible to meet the demands of the future community.</p> <p>Increase the quality of open space particularly in regards to links and streetscapes to provide quality public realm where access to green open space is limited.</p> <p>Ensure links to the Yarra and eastern regional green spaces (i.e. Botanic Gardens and Fawkner Park)</p>	<p>Focus on increasing the green amenity of the area through improving the quality of the multiple small road reserves and railway links throughout this area.</p> <p>Concentrate on the development of a public realm through higher quality residential and commercial streetscapes, i.e. High Street and Glenferrie Road.</p> <p>Pursue the development of local space in the south east corner as part of major redevelopment sites.</p>	<p>Focus on increasing the green amenity of the area through improving the quality of the multiple small road reserves and railway links throughout this area.</p> <p>Concentrate on the development of public realm through higher quality residential and commercial streetscapes, i.e. Chapel Street.</p>	<p>Concentrate on the development of public realm through higher quality residential streetscapes.</p> <p>Pursue the development of local space in the south-east corner as part of major redevelopment sites for the area.</p>
Acquisition recommendations	<p>Acquire land south of Yarra Sidings Reserve to link station with Portland Place and contribute to a full-length pedestrian link along railway line.</p> <p>Investigate acquiring land in Forrest Hill to achieve an east west link.</p>	<p>Lumley Gardens: Opportunity to extend this public space and upgrade, through property acquisition. This would also help offset limited open space in the Windsor precinct.</p>	<p>Windsor Siding Reserve: Acquire/buy/redevelop/demolish existing building to the north of the park to improve its safety and connections with the suburb. If unable to acquire, seek the site’s redevelopment to ensure desirable urban design outcomes.</p>	<p>Limited access to open space throughout precinct, especially south east corner.</p> <p>Demand for traditional open space is low, and land acquisition is costly, therefore place more emphasis on urban design to achieve public realm objectives.</p>

	Armadale	Glen Iris	Malvern	Malvern East
Identified key areas of population and housing density increase	✓	x	x	x
Key recommendations (those relevant to this project are highlighted)	<p>Focus on increasing the green amenity of the area through improving the quality of the multiple small road reserves and railway links throughout this area.</p> <p>Concentrate on the development of public realm through higher quality residential and commercial streetscapes, i.e. High Street and Glenferrie Road.</p> <p>Pursue the development of local spaces as part of major redevelopment sites.</p>	<p>Make the extensive parklands to the east more accessible to the community through improved pedestrian and bike links.</p> <p>Concentrate on the development of public realm through higher quality residential streetscapes.</p>	<p>Pursue the possibility of a small green space being included in the Waverley Road area redevelopment.</p> <p>Concentrate on the development of public realm through higher quality residential and commercial streetscapes, i.e. Waverley Road.</p>	<p>Concentrate on the development of public realm through higher quality public spaces.</p>
Acquisition recommendations	<p>Potential area for public open space acquisition north of Wattleree Road and Orrong Road.</p> <p>This precinct is difficult for acquisition as properties are on large lots. Seek to acquire pedestrian linkages in any subdivisions.</p>	<p>There is little public open space within the western area of Glen Iris. However there is limited opportunity to acquire land. Should any land become available, the opportunity to acquire it should be considered.</p>	<p>No need for additional public open space as precinct is above benchmark level for public open space.</p>	<p>No need for additional public open space as precinct is above benchmark level for public open space.</p>

Source: City of Stonnington Public Realm Strategy

Obtaining developer contributions through the statutory framework as outlined in Stonnington Planning Scheme Clause 22.01 Open Space and Clause 52.01 Public Open Space Contribution and Subdivision have been identified as Council's key methods for funding land acquisition. The Strategy recommends an improved acquisitions framework can be achieved via:

- Geographic mapping of hot-spot acquisition areas to guide public open space contribution funds and the acquisition of additional open space
- Considering an acquisitions budget separately from the general public open space improvement budget
- The potential for the contribution funds to be used for projects that provide municipal wide benefits
- Considering contextual methods to establish clear statistical need for open space (e.g. the need may be lower if the nearest local open space is in another municipality)

The Public Realm Strategy recognises it will be expensive and strategically difficult to increase open space percentage (physical square metres) in Stonnington due to land ownership patterns and land values. Extensive areas with heritage protection (via heritage overlays) in Stonnington also constrain the potential for space to become public space as demolition of built form is prohibited. Alternative solutions such as use of council owned car parks and public building forecourts have been recommended to meet the challenges associated with land

acquisition and developing open space. A focus on improving the quality of open spaces has also been recommended including land acquisition for links to these existing open spaces to make them more accessible.

3.3 Creating Open Spaces Strategy

The Creating Open Spaces Strategy aims to establish a set of principles for strategic acquisition of open space that will preserve and enhance the amenity for residents of the City of Stonnington. The Strategy aims to quantify the open space demand in the City of Stonnington to 2021. The Strategy estimates that acquisition of approximately 6.9ha will be required to meet the projected open space demand by 2021.

This section reviews findings and recommendations with a focus on capital expenditure and related works. Operational expenditure or costs of maintaining open space are not to be funded via open space contributions, and therefore have been excluded from this analysis.

Public open space plays a variety of roles and as such there are no universal benchmarks for public open space in relation to population or location. Nevertheless, the Strategy cites the rates suggested in the Planning for Community Infrastructure for Growth Areas which details a framework of infrastructure provision across new urban areas. The proposed rates for open space are:

- Neighbourhood Passive Open Space 10.0 m² per person
- Neighbourhood Active Open Space 8.88 m² per person
- Higher Order Active Open Space Reserve 7.50 m² per person

This totals **26.4m² of open space per person**.

Stonnington has the second lowest amount of public open space as a proportion of the land area of any Victorian municipality. Figure 9 shows that Stonnington currently has a rate of 20 square metres of open space per person, which is less than the recommended ratio of 26.4 m². In addition, the open space is disproportionately spread across the municipality. Prahran, Windsor and Armadale have the lowest level of open space per person whereas Malvern East exceeds the benchmark for provision of open space per person.

FIGURE 9. OPEN SPACE PROVISION RATES

Suburb	Population 2006	Current open space provision (Ha)	Open space provision per person
South Yarra	13,636	17.5	12.83
Prahran	10,651	9.2	8.63
Windsor	6,014	3.2	5.32
Armadale	8,467	4.9	5.79
Toorak / Kooyong	13,127	16.9	12.87
Malvern	9,422	12.3	13.05
Glen Iris	8,172	20.1	24.60
Malvern East	19,594	56.8	28.99

Source: Creating Open Spaces Strategy

Based on current provision of open space throughout the City, the Strategy identifies that acquisition of 53 hectares is required to meet the benchmark. When factoring in population growth acquisition of 108 hectares would be required to meet the benchmark. It is acknowledged that the acquisition of this much land is untenable both practically and from a cost perspective. As a minimum therefore, it is recommended that the City should aspire to provide the passive open space component of 10m² per person on average. Figure 10 compares the existing provision of open space with the open space requirement of 10 m² per person.

FIGURE 10. PASSIVE OPEN SPACE AND PROJECTED POPULATION DENSITY IN 2021

Suburb	Population 2021	Open Space Requirement at 10 m ² p.p. (Ha)	Current Open Space provision (Ha)	Surplus/ (Deficit) (Ha)
South	20,365	20.3	17.5	(2.8)
Prahran	13,942	13.9	9.2	(4.7)
Windsor	6,937	6.9	3.2	(3.7)
Armadale	9,853	9.9	4.9	(5)
Toorak / Kooyong	15,858	15.9	16.9	1
Malvern	10,974	11.0	12.3	1.3
Glen Iris	8,879	8.9	20.1	11.2
Malvern East	22,897	22.9	56.8	33.9

Source: Creating Open Spaces Strategy

With the modified ratio of 10m² per person on average as a basis, **there is a current deficit of passive open space in Prahran, Windsor and Armadale of 7.8 hectares.** When the population increases in Stonnington to 2021 are factored in, the analysis shows a deficit in passive open space in South Yarra, Prahran, Windsor and Armadale of 16.2 hectares.

An alternate scenario for determining acquisition requirements has been proposed where existing open space ratios (m² per person) in areas with less than 10m² per person is maintained, and a minimum of 10m² per person is provided in all other areas. The alternate scenario provides a guide for the acquisition of open space in terms of quantity. See Figure 11.

FIGURE 11. ALTERNATE ACQUISITION SCENARIO

Suburb	Population 2021	Current Open Space provision (m ² p.p.)	Proposed Open space requirement (m ²)	2021 Passive open space requirement	Current Open Space provision (Ha)	Surplus/(Deficit) (Ha)
South Yarra	20,365	12.8	10	20.3	17.5	(2.8)
Prahran	13,942	8.63	8.63	12.0	9.2	(2.8)
Windsor	6,937	5.32	5.32	3.7	3.2	(0.5)
Armadale	9,853	5.79	5.79	5.7	4.9	(0.8)
Toorak/ Kooyong	15,858	12.87	10	15.9	16.9	1
Malvern	10,974	13.05	10	11.0	12.3	1.3
Glen Iris	8,879	24.6	10	8.9	20.1	11.2
Malvern East	22,897	28.99	10	22.9	56.8	33.9

Source: Creating Open Spaces Strategy

Based on the proposed alternative, an acquisition of approximately 6.9ha will be required by 2021. This would need to be focussed around the suburbs of South Yarra, Prahran, Windsor and Armadale due to distribution of population growth in these suburbs. It is estimated that acquisition of 6.9 hectares in these suburbs will cost \$285 million (2011 dollars). This equates to an average annual expenditure of \$28.5m (between 2011 and 2021). This is untenable in the context of the municipal budget.

As a result, Council will need to do as much as possible to ensure developments provide their own open space and that open space contributions from developers are recovered to fund future open space purchases. Council may also need to pursue open space opportunities including the redevelopment of Council owned sites such as Cato Street car park and pursuing opportunities for development of other land in public ownership such as railway corridors.

3.4 Pavilion Redevelopment Strategy

The Pavilion Redevelopment Strategy (2009) states that sport pavilions are valuable community hubs that provide a range of recreation, social and sporting opportunities to the broader community. There are 16 sports pavilions in the City of Stonnington, with the majority of which located along the Monash Freeway and towards the eastern end of the municipality. The Strategy was developed to provide Council with a planned and pragmatic approach to the future redevelopment and upgrade of these pavilions to better meet community needs.

The Strategy's core direction and framework is to:

- Promote multi-use of sports pavilions
- Develop shared facilities which are able to be adapted to accommodate a wide range of current and emerging users, including flexible social spaces providing opportunity for community and casual use
- Focus on providing core infrastructure directly related to seasonal sport
- Ensure that pavilion components that are exclusive for users are the responsibility of the user

To assist with the upgrading and redevelopment of pavilions, a Pavilion Model was developed which identifies the best use for each pavilion. Each model reflects Council's objectives and the identified needs of local clubs, user groups, casual users and the general community. It also identifies the minimum size and amenities that Council will need to fund for each of the models. The three models are as follows.

- **Casual Sports Pavilions** provide base level facilities for participation on sport and are able to be used by seasonal clubs in conjunction with casual sports users and schools. These types of pavilions can be used casually by a number of different groups. The Pavilion Redevelopment Strategy has classified Gardiner Park Pavilion, Toorak Park Cricket Pavilion, Victory Square Pavilion, Menzies Reserve Pavilion and Central Park Pavilion as Casual Sports Pavilions. An approximate **176m² of development** (including multi-purpose spaces, amenities and storage facilities) will need to be funded by Council for pavilions that are classified under this model.
- **General Sports Pavilions** provide flexible social space for club social functions, user groups and casual events. These types of pavilions are able to provide a focus for club social activities and designed to allow use by the wider community, special interest groups or service providers. The Pavilion Redevelopment Strategy has classified Sheridan Pavilion, TH King Pavilion, Hickey Pavilion, Percy Treyvaud Pavilion and Muir Pavilion as General Sports Pavilions. An approximate **457m² of development** (including social rooms, amenities, spectator cover and storage facilities) will need to be funded by Council for pavilions that are classified under this model.
- **Multi-Purpose Community Facilities** are able to accommodate a number of users and address the shortfalls in available community space. The proximity of these facilities to transport and adequate parking provision make them more accessible to the wider community. The Pavilion Redevelopment Strategy has classified Dunlop Pavilion, Charles Lux Pavilion, Como Park Pavilion, Lansbury Pavilion, Bert Healy Pavilion and Pollack Pavilion as Multi-Purpose Community Facilities. An approximate **594m² of development** (including social rooms, amenities, spectator cover and storage facilities) will need to be funded by Council for pavilions that are classified under this model.

The Pavilion Redevelopment Strategy also provides an overall Building Rating that identifies existing facility shortfalls and prioritises upgrades and redevelopments to current facilities.

A cost guide included in the strategy estimates up to \$1,900/m² for alterations and additions to existing facilities, and up to \$3,300/m² for construction of new facilities (excluding land acquisition costs). The Pavilion Redevelopment Strategy also proposes a User Group Contribution Policy where associations wishing to further upgrade facilities beyond Council's level of provision are responsible for funding the desired upgrades.

3.5 Chapel reVision

The City of Stonnington is currently reviewing the *Chapel Vision Structure Plan 2007* which guides development in the Prahran, South Yarra and Windsor activity centre.

As part of the reVision project an economic analysis of the study area was undertaken which showed demand for additional floor space by sector over a 10 and 20 year time frame. Over the next 20 years, there is anticipated to be demand for an additional 30,000 square metres of retail floor space, 115,000 square metres of commercial floor

space, 50,000 square metres of floor spaces for hospitality uses and an additional 10,000 dwellings, of which 5,000 are anticipated to be apartments. See Figure 12.

FIGURE 12. SGS ESTIMATES OF DEMAND BY SECTOR, CHAPEL VISION AREA

Sector	Current	Demand over next 10 years	Demand over next 20 years
Retail	90,000sqm	20,000 sqm	30,000sqm
Commercial	95,000sqm	60,000sqm	115,000sqm
Hospitality	38,000sqm	30,000sqm	50,000sqm
Residential	3,500 dwellings	5,000 dwellings (2,500 apartments)	10,000 dwellings (5,000 apartments)

Source: SGS, 2012

The increased residential and employment population in the area as a result of this development will increase demand for open space. The revised Structure Plan will identify opportunities for increased and / or improved open space in the study area. A draft of the revised Structure Plan is to be released for public comment in November 2012.

3.6 List of Projects

Based on the above policy framework Council officers have compiled a detailed and costed open space acquisition and works program. The key elements of this are discussed in Section 5.

3.7 Summary

The open space policy base of Stonnington is captured in Stonnington Public Realm Strategy, Strategic Land Acquisition Strategy, Pavilion Redevelopment Strategy and Chapel reVision Project. These documents define the open space task in Stonnington and identify a range of open space objectives and projects, including land acquisitions and capital works projects.

Among the project list, a priority for open space planning in the City is to address emerging open space shortages in the western portion of the City, focusing on the suburbs of South Yarra, Prahran, Windsor and Armadale. These areas overlap with the Chapel reVision project, which will generate open space needs.

It is Council policy to do as much as possible to ensure developments provide their own open space and that open space contributions from developers are recovered to fund future open space purchases and projects.

4 DEVELOPMENT CONTEXT

4.1 Demand for Open Space

The population of Stonnington is expected to grow by approximately 17,000 in round terms between 2011 and 2031, according to the State Government's population projections. The City of Stonnington's projections are slightly higher than State Government forecasts and suggest a population growth of closer to 23,000 over this 20-year period. See Figure 13.

FIGURE 13. POPULATION PROJECTIONS

	Population 2011	Population 2031	# Change 2011-31	% Change 2011-31	% Change pa
Stonnington Total Population (Victoria in Future Projections)	101,192	118,169	16,977	16.78%	0.78%
Stonnington Total Population (City of Stonnington Population Projections, id consulting)	99,113	121,984	22,871	23.08%	1.04%

Source: Department of Sustainability and Environment (2011) Victoria in Future. Stonnington Total Projections for 2031 derived from id consulting (2013) City of Stonnington Population and Household Forecasts.

The City of Stonnington data is provided at the suburb level. The suburb level projections for the period 2011 to 2031 are shown in Figure 14 below.

FIGURE 14. POPULATION PROJECTIONS BY SUBURB

Suburb	Population 2011	Population 2031	# Change 2011-31	% Change 2011-31	% change pa
Armadale	9,501	10,420	919	9.67%	0.46%
Glen Iris	9,035	9,644	609	6.74%	0.33%
Malvern / Kooyong	10,929	12,038	1,109	10.15%	0.48%
Malvern East	21,668	24,178	2,510	11.58%	0.55%
Prahran	11,788	15,853	4,065	34.48%	1.49%
South Yarra	15,812	26,747	10,935	69.15%	2.66%
Toorak	13,585	14,978	1,393	10.25%	0.49%
Windsor	6,793	8,126	1,333	19.62%	0.90%
Stonnington Total	99,113	121,984	22,871	23.08%	1.04%

Source: Derived from id consulting (2013) City of Stonnington Population and Household Forecasts.

The above data suggests solid growth in population in the municipality.

The number of residential dwellings and lots in the municipality has been obtained from the State Government's Housing Development Data. It is estimated that the municipality has approximately 56,245 residential lots in the municipality in 2012 and over the next 20 years the residential lot count will increase to about 66,193.

For non-residential development, SGS has used its small-area metropolitan employment analysis and projections model.

Stonningon's total job stock is expected to increase from about 61,066 in 2012 to about 95,426 in 2032, an increase of approximately 56% in this 20 year period. The breakdown by suburb for industrial, retail and commercial sectors is shown in Figure 15 overleaf. It suggests that the most significant increase will be in the commercial sector where employment is anticipated to increase by 83%.

Industrial refers to manufacturing, utility, construction, wholesale, transport and primary industry activities. Retail refers to retail trade and accommodation and food services. Commercial refers to office-based employment types including business services and other service sectors (but excluding retail).

FIGURE 15. EMPLOYMENT PROJECTIONS

Industrial Employment					
	Employment		Change 2012-2032		
Suburb	2012	2032	#	%	%pa
South Yarra	1,733	1,723	-10	-1%	0.0%
Toorak	1,146	1,370	224	20%	0.9%
Prahran	838	823	-15	-2%	-0.1%
Windsor	421	438	17	4%	0.2%
Armadale	1,465	1,615	150	10%	0.5%
Glen Iris	861	771	-90	-10%	-0.6%
Malvern East	1,610	1,511	-99	-6%	-0.3%
Malvern / Kooyong	988	921	-67	-7%	-0.4%
Stonnington	9,063	9,172	110	1%	0%

Retail Employment					
	Employment		Change 2012-2032		
Suburb	2012	2032	#	%	%pa
South Yarra	3,676	5,550	1,874	51%	2.1%
Toorak	1,368	1,983	614	45%	1.9%
Prahran	2,146	3,168	1,022	48%	2.0%
Windsor	904	1,368	464	51%	2.1%
Armadale	1,645	2,000	355	22%	1.0%
Glen Iris	485	584	99	21%	0.9%
Malvern East	5,898	6,902	1,003	17%	0.8%
Malvern / Kooyong	1,358	1,575	217	16%	0.7%
Stonnington	17,481	23,130	5,649	32%	1%

Commercial Employment					
	Employment		Change 2012-2032		
Suburb	2012	2032	#	%	%pa
South Yarra	6,650	12,767	6,117	92%	3.3%
Toorak	3,657	6,588	2,931	80%	3.0%
Prahran	3,771	7,362	3,591	95%	3.4%
Windsor	2,605	4,963	2,359	91%	3.3%
Armadale	3,805	6,782	2,977	78%	2.9%
Glen Iris	2,088	3,465	1,377	66%	2.6%
Malvern East	5,222	9,365	4,143	79%	3.0%
Malvern / Kooyong	6,724	11,832	5,109	76%	2.9%
Stonnington	34,522	63,124	28,602	83%	3%

Source: SGS internal modelling.

4.2 Existing and Projected Lots by Land Use and Suburb

The above dwelling and employment information was used to provide estimates of lots in 2012 and projections to 2032. The method used to produce these estimates was as follows.

- For residential activity Housing Development Data was used to identify the number of lots in 2012. Lot projections for 2032 are based on projection trends shown in Victoria in the Future data.
- For retail, commercial and industrial activity GIS zoning data was used to identify the number of lots in 2012 with estimates made for multi-level subdivisions. SGS's employment modelling was then used to estimate the percentage change in employment by industry sector to 2032 to estimate the likely increase in lots over time.

Figure 16 below provides total lot estimates for Stonnington by suburb and major land use group for the period 2012 to 2032. This shows that total lots are expected to increase from approximately 59,654 in 2012 to about 71,897 in 2032. This represents an increase of 12,243 lots in this timeframe, or 20.5% change in lots.

FIGURE 16. LOTS IN STONNINGTON, 2012 ESTIMATE AND 2032 PROJECTION

Suburb	Residential (Total Lots)		Commercial (Total Lots)		Industrial (Total Lots)		Total Lots	
	2012	2032	2012	2032	2012	2032	2012	2032
South Yarra	11,644	13,703	1,170	2,075	32	32	12,846	15,810
Toorak	6,907	8,129	136	233	0	0	7,043	8,361
Prahran	6,389	7,519	642	1,142	124	122	7,155	8,783
Windsor	3,851	4,532	295	532	1	1	4,147	5,065
Armadale	4,561	5,368	354	570	6	7	4,921	5,944
Glen Iris	10,258	12,072	251	395	0	0	10,509	12,467
Malvern East	8,214	9,667	161	235	5	5	8,380	9,907
Malvern / Kooyong	4,421	5,202	193	319	40	37	4,654	5,559
Stonnington	56,245	66,193	3,201	5,501	208	203	59,654	71,897

Source: HDD data and SGS internal modelling.

SGS research has previously shown that approximately 50% of lots created in established suburbs can be exempt from the open space levy tool, many of these being dual occupancy developments or subdivision of buildings that are deemed to have previously paid the levy. Assuming this rate will apply in the future in Stonnington, the estimated number of leviable lots would be approximately 6,122 over 20 years.

4.3 Summary

Stonnington is an established inner and middle region metropolitan municipality and is experiencing significant population, housing and employment growth pressure. It is estimated that the development in the municipality will generate about 12,243 additional lots (both residential and non-residential) over a 20 year outlook period.

This scale of development represents significant additional demand for open space - nominally about 21% in round terms. A share of the lots created will be eligible to pay the open space levy contribution and a share will be exempt.

5 ASSESSMENT OF OPTIONS

5.1 Open Space Income and Expenditure Trends

The following Figure 17 shows open space levy contributions received during the last four financial years, using Schedule to Clause 52.01 of the Planning Scheme. The rate of income has increased in line with development trends. The figure also shows estimated expenditure on open space projects for the same time frame. This shows that Council has:

- Received about \$13.2m in contributions over the four year period shown (at an average of \$3.3m per annum)
- Spent about \$15.5m over the same time frame on open space works (at an average of about \$3.9m per annum)

FIGURE 17. OPEN SPACE LEVY INCOME TRENDS, 2008/09 TO 2011/12

	2008/2009	2009/2010	2010/2011	2011/2012
Armadale	\$0	\$228,000	\$318,500	\$285,000
Glen Iris	\$72,500	\$0	\$435,000	\$55,000
Malvern / Kooyong	\$472,600	\$58,400	\$90,000	\$520,500
Malvern East	\$168,300	\$143,500	\$222,800	\$458,000
Prahran	\$359,000	\$294,500	\$177,500	\$383,000
South Yarra	\$487,500	\$752,000	\$960,250	\$3,534,000
Toorak	\$188,000	\$649,000	\$370,000	\$816,500
Windsor	\$0	\$45,000	\$435,000	\$211,250
Stonnington	\$1,747,900	\$2,170,400	\$3,009,050	\$6,263,250
Expenditure Estimate	\$1,570,000	\$3,280,000	\$4,900,000	\$5,760,000

Source: City of Stonnington

5.2 Open Space Projects

The City of Stonnington has prepared a detailed and costed program of open space acquisition and development works covering the period 2012-2031. The key figures from this program are summarised in Figure 18. In total, the program implies outlays of around \$322 million over a two decade period. There are two important qualifications to these figures:

- Firstly, they do not include pavilion redevelopment projects. These are expected to cost of the order of \$15million over the next two decades.
- Secondly, the acquisition project costs include both land value and the cost of developing these newly acquired parcels.

In terms of the split between the Chapel reVision area and the rest of the City, we have identified the suburbs of South Yarra, Prahran and Windsor as the relevant open space catchment for the former. Works and acquisition in these suburbs over the 20 year period in question amount to \$147 million. The balance (\$175 million) is distributed throughout the balance of the municipality.

FIGURE 18. OPEN SPACE PROJECTS, SUMMARY TABLE

Open space works by suburb 2013-2033	
South Yarra	\$30,389,667
Prahran	\$30,914,667
Windsor	\$19,482,767
Toorak	\$20,461,433
Armadale	\$14,457,933
Malvern/Kooyong	\$17,868,600
Malvern East	\$17,886,767
Glen Iris	\$17,736,767
Sub-total	\$169,198,600
Land Acquisition by suburb 2013-2033	
South Yarra	\$8,050,000
Prahran	\$19,469,700
Windsor	\$38,278,500
Toorak	\$11,407,427
Armadale	\$6,495,101
Malvern/Kooyong	\$16,928,000
Malvern East	\$39,941,200
Glen Iris	\$12,264,000
Sub-total	\$152,833,928
Total 20 Year Estimate	\$322,032,528

Source: Derived from City of Stonnington.

5.3 Assessment of Levy Options

Across the City as a whole, the current levy schedule has delivered about \$3.3m per annum on average over the last four years and \$6.2m in the latest full financial year.

If a 5% flat rate levy was used instead of the sliding scale over the last four years of levy operation, the income to Council would have been \$15.0m over four years at an annual average of \$3.8m (instead of the actual \$13.2m at \$3.3m).

The 5% flat rate would have delivered \$6.8m in the 2011/12 financial year (instead of the actual \$6.3m). This marginal change is explained by the fact that in that year most subdivisions applied a rate at or near 5%.

Various scenarios using 5% to 10% flat rate levies are shown in Figure 19 below. These levy rates are applied to:

- The four years of levy collection from 2008/09 with an average per annum figure produced
- The last financial year of levy collection 2011/12

The figures are extrapolated over 20 years to gauge what might be required to achieve approximately \$322m in income to cover the cost of proposed open space works via this tool.

The four year data suggests that a flat rate of well over 10% would be needed if planned open space expenditure were to be fully funded from this levy over 20 years. Using the latest year data, projected revenues would be significantly greater, but even at a 10% levy rate, this mechanism would only collect 87% of projected expenditure.

In terms of the Chapel reVision area the levy would need to be set at between **8%** and **9%** to fully recover the cost of acquisition and works planned for the area.

FIGURE 19. LEVY TESTING SCENARIOS

Total Stonnington			
Option	Over Past 4 Years of Subdivisions	Average Annual Over 4 Years	20 Year Extrapolation
Actual - Sliding Scale	\$13,190,600	\$3,297,650	\$65,953,000
Flat Rate at 5%	\$15,031,000	\$3,757,750	\$75,155,000
Flat Rate at 6%	\$18,037,200	\$4,509,300	\$90,186,000
Flat Rate at 7%	\$21,043,400	\$5,260,850	\$105,217,000
Flat Rate at 8%	\$24,049,600	\$6,012,400	\$120,248,000
Flat Rate at 9%	\$27,055,800	\$6,763,950	\$135,279,000
Flat Rate at 10%	\$30,062,000	\$7,515,500	\$150,310,000
South Yarra, Prahran and Windsor			
Option	Over Past 4 Years of Subdivisions	Average Annual Over 4 Years	20 Year Extrapolation
Actual - Sliding Scale	\$7,639,000	\$1,909,750	\$38,195,000
Flat Rate at 5%	\$8,253,500	\$2,063,375	\$41,267,500
Flat Rate at 6%	\$9,904,200	\$2,476,050	\$49,521,000
Flat Rate at 7%	\$11,554,900	\$2,888,725	\$57,774,500
Flat Rate at 8%	\$13,205,600	\$3,301,400	\$66,028,000
Flat Rate at 9%	\$14,856,300	\$3,714,075	\$74,281,500
Flat Rate at 10%	\$16,507,000	\$4,126,750	\$82,535,000
Stonnington (balance)			
Option	Over Past 4 Years of Subdivisions	Average Annual Over 4 Years	20 Year Extrapolation
Actual - Sliding Scale	\$5,551,600	\$1,387,900	\$27,758,000
Flat Rate at 5%	\$6,777,500	\$1,694,375	\$33,887,500
Flat Rate at 6%	\$8,133,000	\$2,033,250	\$40,665,000
Flat Rate at 7%	\$9,488,500	\$2,372,125	\$47,442,500
Flat Rate at 8%	\$10,844,000	\$2,711,000	\$54,220,000
Flat Rate at 9%	\$12,199,500	\$3,049,875	\$60,997,500
Flat Rate at 10%	\$13,555,000	\$3,388,750	\$67,775,000

FIGURE 19 (CONTINUED)

Total Stonnington		
Option	Over 2011/12 FY Subdivisions	20 Year Extrapolation
Actual - Sliding Scale	\$6,263,250	\$125,265,000
Flat Rate at 5%	\$6,834,250	\$136,685,001
Flat Rate at 6%	\$8,201,100	\$164,022,001
Flat Rate at 7%	\$9,567,950	\$191,359,001
Flat Rate at 8%	\$10,934,800	\$218,696,002
Flat Rate at 9%	\$12,301,650	\$246,033,002
Flat Rate at 10%	\$13,668,500	\$273,370,002
South Yarra, Prahran and Windsor		
Option	Over 2011/12 FY Subdivisions	20 Year Extrapolation
Actual - Sliding Scale	\$4,128,250	\$82,565,000
Flat Rate at 5%	\$4,356,250	\$87,125,000
Flat Rate at 6%	\$5,227,500	\$104,550,000
Flat Rate at 7%	\$6,098,750	\$121,975,000
Flat Rate at 8%	\$6,970,000	\$139,400,000
Flat Rate at 9%	\$7,841,250	\$156,825,000
Flat Rate at 10%	\$8,712,500	\$174,250,000
Stonnington (balance)		
Option	Over 2011/12 FY Subdivisions	20 Year Extrapolation
Actual - Sliding Scale	\$2,135,000	\$42,700,000
Flat Rate at 5%	\$2,478,000	\$49,560,000
Flat Rate at 6%	\$2,973,600	\$59,472,000
Flat Rate at 7%	\$3,469,200	\$69,384,000
Flat Rate at 8%	\$3,964,800	\$79,296,000
Flat Rate at 9%	\$4,460,400	\$89,208,000
Flat Rate at 10%	\$4,956,000	\$99,120,000

Source: SGS calculations using SCC data

To explore an alternative approach to this question, an assessment of levy income based on development trends is shown in the following Figure 20. Using estimated future dwelling projections (derived from Victoria in Future as a guide to growth rates rather than absolute amounts), and assuming the rate of subdivision will change in the same pattern, it is possible to estimate future open space levy income.

Based on a continuation of the current sliding scale 5% levy, this approach suggests that:

- approximately \$24.7m might be collected over the next five years across the whole municipality
- approximately \$79.0m might be collected over the next 20 years.

Notwithstanding a (minor) misalignment between the two twenty year periods in question, \$79 million collected over 2011-31 represents only 25% of the projected cost of open space acquisition and development over 2013-33.

FIGURE 20. ESTIMATED INCOME FROM DEVELOPMENT TRENDS AND PROJECTIONS

	South Yarra, Prahran, Windsor	Stonnington (balance)	Stonnington Total
Actual Income Over 4 Year Data Period	\$7,639,000	\$5,551,600	\$13,190,600
Extrapolating the Above to 5 Years	\$9,548,750	\$6,939,500	\$16,488,250
Expected Change in Development / Subdivision (cw 2006-2011) using Dwelling Projections as a Guide			
2011-2016	131.32%	175.39%	
2016-2021	114.11%	133.98%	
2021-2026	102.18%	105.96%	
2026-2031	101.63%	105.25%	
Total Estimate Levy Income by 5 Year Block Based on Above Trends			
2011-2016	\$12,539,529	\$12,171,509	\$24,711,038
2016-2021	\$10,896,494	\$9,297,701	\$20,194,196
2021-2026	\$9,757,192	\$7,352,990	\$17,110,182
2026-2031	\$9,704,287	\$7,304,110	\$17,008,397
Total 2011-2031	\$42,897,502	\$36,126,311	\$79,023,813

Source: SGS calculations using SCC data

Looking at Chapel reVision area, collections over 20 years are projected to be \$42.9 million versus outlays of \$147 million. To fully recover the cost of works and acquisition over 20 years, the contribution rate in South Yarra, Prahran and Windsor would need to increase to well over 15%.

5.4 Summary

A list of open space projects with an estimated delivery cost of \$322m over 20 years has been identified for delivery in Stonnington.

The current levy schedule used by Council has delivered about \$3.3m per annum on average over the last four years from subdivision proponents, and \$6.2m in the latest full financial year.

Extrapolating the four year average figure over 20 years equates to about \$66 m, which is orders of magnitude short of the open space cost program. An assessment of income based on an alternative development projections approach provides a similar conclusion (estimate of \$79 m over the next 20 years).

There is a clear case for increasing the subdivision open space levy in Stonnington. This argument holds regardless of whether one is dealing with the Chapel reVision area or the balance of the City.

6 CONCLUSIONS AND RECOMMENDATIONS

6.1 Conclusions

It is concluded that the City of Stonnington is justified in updating Schedule to Clause 52.01 of the Stonnington Planning Scheme on the grounds that:

- The sliding scale approach that is currently used is not equitable in that need and demand should be the basis for the levy as opposed to size of development operation that is delivering the need and demand.
- Council has identified a significant 20 year open space delivery and improvement program based on adopted policies and strategies for which the existing levy schedule will deliver an insufficient sum of open space income.
- A significant part of the works program is based on acquiring new sites for open space focusing on the western portion of the municipality, where needs are growing strongly as a result of urban intensification.
- Council has sufficient policy and works information to justify lifting the rate under Clause 52.01.
- On favourable assumptions, a flat rate of 8% in the Chapel reVision area could generate close to full cost recovery for acquisitions and works in this part of the municipality. Elsewhere in the municipality, even a rate of 8% would deliver less than half of projected costs.
- Based on established municipality benchmarks, 8% is probably at the upper end of what is achievable in terms of amending Clause 52.01.

6.2 Recommendations

It is recommended that Council develop a planning scheme amendment based on the analysis in this report and Council's open space projects program seeking a flat 8% levy rate applicable to all non-exempt subdivisions across the whole City.

7 APPENDICES

7.1 Appendix 1 – Clause 52.01

52.01

19/01/2006
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PUBLIC OPEN SPACE CONTRIBUTION AND SUBDIVISION

A person who proposes to subdivide land must make a contribution to the council for public open space in an amount specified in the schedule to this clause (being a percentage of the land intended to be used for residential, industrial or commercial purposes, or a percentage of the site value of such land, or a combination of both). If no amount is specified, a contribution for public open space may still be required under Section 18 of the Subdivision Act 1988.

A public open space contribution may be made only once for any of the land to be subdivided. This does not apply to the subdivision of a building if a public open space requirement was not made under Section 569H of the Local Government Act 1958 or Section 21A of the Building Control Act 1981 when the building was constructed.

A subdivision is exempt from a public open space requirement, in accordance with Section 18(8) of the Subdivision Act 1988, if:

- It is one of the following classes of subdivision:
 - Class 1: The subdivision of a building used for residential purposes provided each lot contains part of the building. The building must have been constructed or used for residential purposes immediately before 30 October 1989 or a planning permit must have been issued for the building to be constructed or used for residential purposes immediately before that date.
 - Class 2: The subdivision of a commercial or industrial building provided each lot contains part of the building.
- It is for the purpose of excising land to be transferred to a public authority, council or a Minister for a utility installation.
- It subdivides land into two lots and the council considers it unlikely that each lot will be further subdivided.

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